

# Commissioner of Securities and Insurance

Insure Montana  
2015 Biennium Budget Presentation



## What is Insure Montana?

- A two part program meant to make health benefits more affordable for small employers and their employees
  - Tax Credit Program
  - Purchasing Pool Program
- Funded solely by tobacco tax revenue
- Realization of voter's intent through I-149 (2004)
- Authorizing legislation passed in 2005





## Tax Credit Program

### Tax Credit by the Numbers – December 2012

<b>Businesses</b>	700	<b>Lives</b>	4,085
<b>Average Annual Tax Credit</b>			\$3,716*
<b>Businesses on Wait List</b>			106
<b>Annual Budget</b>			\$3,401,041

Average annual tax credit in FY12 was 70% of the allowable credit



## Purchasing Pool Program

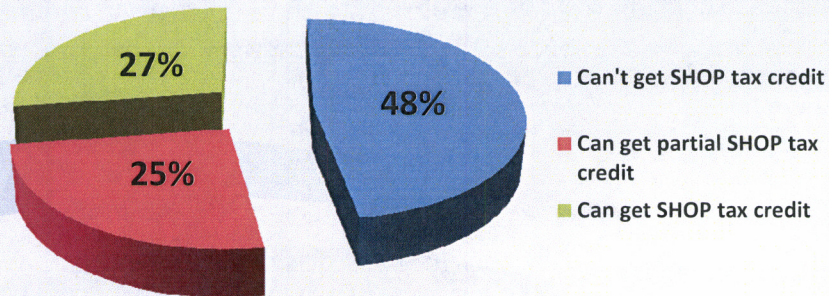
### Purchasing Pool by the Numbers – December 2012

<b>Businesses</b>	779	<b>Lives</b>	3,844
<b>Businesses on Wait List</b>			198
<b>Average Annual Rate Increase</b>			5.5%
<b>Average Annual Incentive to Business</b>			\$3,466
<b>Average Annual Assistance to Employee</b>			\$1,586
<b>Annual Budget</b>			\$6,351,562



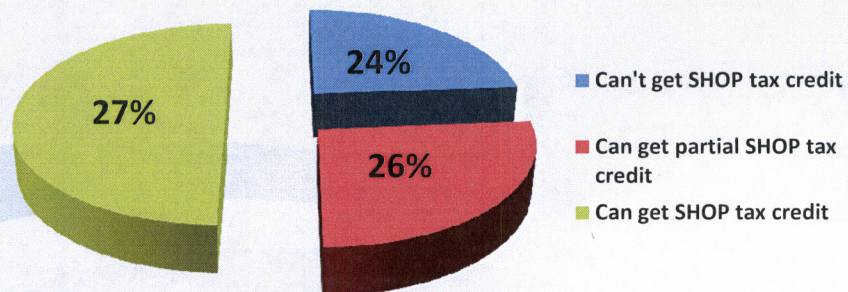
## Access to SHOP Tax Credits

### IM Purchasing Pool Program



## Access to SHOP Tax Credits

### IM Tax Credit Program





## Employer-Sponsored Coverage

- Promoting employer coverage is good public policy:
  - Employer's share of premiums keeps costs low for employees
  - Above 300% of FPL, employees receive greater tax benefit through employer-sponsored coverage than individual market exchange assistance
    - 300% FPL for a family of four: \$69,150
    - 300% FPL for an individual: \$33,510
  - Employer coverage reduces strain on public programs
- Keeping employer coverage is good for business:
  - Valuable recruitment and retention tool
  - Helps keep employees healthy and productive



## The CSI Plan for Insure Montana

1. Restore base funding for Insure Montana through the next biennium
2. Maximize efficiency by allowing IM to use its full appropriation
3. Provide greater flexibility in employer size to suit demand
4. Monitor markets and assess options to transition





## Maximizing Efficiency: HB 48

- Current law only allows IM to spend 95% of its appropriation each year
  - 5% reverts to the tobacco tax fund
- **HB 48** (McChesney) will allow IM to spend its full appropriation to assist more businesses
- **HB 48** also changes eligibility to ensure purchasing pool assistance goes to those who need it most
  - Removes 75,000/year requirement
  - Excludes individual employees who make more than 400% FPL without disqualifying the business



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## Providing Flexibility: SB 27

- Current law allows the CSI to set eligible employer size between 2 and 9 employees
- **SB 27** (Larsen) will allow the CSI to adjust eligibility up to 25 employees
- If IM has unused resources after the tax credit is restored and the wait list is cleared, the CSI can adjust eligibility to help more small businesses



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## Proposed Funding

- The CSI recognizes that the legislature and the Governor will ultimately decide if and how Insure Montana is funded
- The CSI has identified the following potential sources of funding to support Insure Montana through the biennium



## Proposed Funding: Premium Taxes

- In FY12 the CSI collected \$51.9 million in insurance premium taxes for the general fund
- The legislature could redirect a portion of premium taxes to Insure Montana
- A portion of premium tax is already directed to Healthy Montana Kids (\$10.4 million in FY12)
- As more people obtain coverage in 2014, premium tax revenues will rise





## Proposed Funding: Tobacco Tax Fund

- For Insure Montana and Big Sky Rx, the tobacco tax is the sole source of revenue
- All other programs currently in the tobacco tax account receive funding from other accounts
- The legislature could free up funding for Insure Montana by moving programs out of the tobacco tax account



## Questions?





## MCHA vs Insure Montana

- MCHA is a high-risk insurance pool for individuals who can't obtain coverage elsewhere
- With guaranteed issue beginning in 2014, no one will be eligible to enroll in MCHA
- Insure Montana is not a safety net, but an incentive to help small businesses provide coverage
- While the need for MCHA is effectively eliminated, small businesses will still need incentives to help provide coverage



## MCHA vs Insure Montana, cont.

- Switching from MCHA to the Exchanges is not a substantial change in the nature of coverage and assistance for the individual
- Switching from Insure Montana to the Exchanges requires dramatic changes in an employer's business plan

